

Message Text

PAGE 01 PHNOM 02826 251501Z

46

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

----- 029737

P 251400Z FEB 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 5129

INFO AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L PHNOM PENH 2826

EXDIS

E. O. 11652: GDS

TAGS: EA, EFIN, CB

SUBJECT: WITHDRAWAL OF IMF RES REP FROM PHNOM PENH AND JAPANESE
ESF CONTRIBUTION

REF: A. PHNOM PENH 2640/211238Z FEB 74

B. SECSTATE 036502/230001Z FEB 74

1. CALLED ON JAPANESE AMBASSADOR OHTORI KURINO TODAY
25 FEBRUARY IN AN EFFORT TO PREEMPT UNFAVORABLE PLAYBACK
TO TOKYO OF IMF RES REP EVERS' EFFORT TO SPATTER US AROUND
TOWN (REFTELS). AFTER LONG PRELIMINARIES ON MILITARY AND
POLITICAL SITUATION, WAS ABLE TO GET KURINO TO RAISE MATTER
HIMSELF; HE SAID HE HAD HEARD THERE WAS SOME TROUBLE
REGARDING THE ESF BETWEEN OURSELVES AND THE FUND, BUT
HADN'T YET REPORTED TO TOKYO.

2. I REPLIED:

(A) THAT THERE WAS NOT RPT NO DISAGREEMENTS
BETWEEN OURSELVES AND THE FUND REGARDING
THE ESF; WE ARE SATISFIED WITH THE MANAGEMENT
OF THE FUND IN CAMBODIA, AND ARE ONCE AGAIN
PREPARED TO CONTRIBUTE UP TO \$17.5 MILLION
TO IT ON A MATCHING BASIS;

(B) BUT THERE HAVE BEEN TWO MAJOR DIFFERENCES OF
APPROACH TO OVERALL ECONOMIC POLICY QUESTIONS
CONFIDENTIAL

PAGE 02 PHNOM 02826 251501Z

BETWEEN EVERS AND OUTSELVES; WE HAVE FELT THAT
AS A COUNTRY AT WAR, THE GKR SHOULD PROHIBIT
LUXURY IMPORTS; EVERS HAS TAKEN THE OPPOSITE
TACK ON GROUNDS OF ECONOMIC THEORY; WE HAVE

FELT STRONGLY THAT DEVALUATION OF THE EXCHANGE RATE SHOULD BE USED ESSENTIALLY AS A TAX MEASURE TO BALANCE THE BUDGET AND TO TRANSFER THE BURDEN OF THE WAR FROM THE POOR (WHO ARE TAXED BY INFLATION) TO THE WELL OFF (WHO ARE THE PRIMARY CONSUMERS OF IMPORTED GOODS); EVERS TOOK A MUCH NARROWER, CLASSICAL VIEW THAT THE EXCHANGE RATE SHOULD BE DETERMINED BY SUPPLY AND DEMAND CONDITIONS IN THE LIMITED NOUVEAU MARCHE FOR FOREIGN EXCHANGE;

(C) THAT ALTHOUGH THESE DIFFERENCES HAVE NOT RPT NOT BEEN ACRIMONIOUS (WE ARE GIVING A GOING AWAY PARTY FOR EVERS) THE FUND MANGE- HAD APPARENTLY DECIDED IN LIGHT OF THEM TO CHANGE THE BASIS ON WHICH IT IS REPRESENTED IN CAMBODIA, REMOVING ITS RES REP, AND TURNING TO MORE FREQUENT MISSIONS BY MANAGEMENT PERSONNEL AS THE VEHICLE OF ITS INPUT INTO CAMBODIA. WE DO NOT RPT NOT BELIEVE THAT THE FUND INTENDS THIS SHIFT IN ANY WAY TO DOWNGRADE ITS INTEREST IN THE COUNTRY.

3. IN THE COURSE OF THE CONVERSATION, KURINO MADE THE ARGUMENT THAT HE THOUGHT THERE WOULD BE NO REPEAT NO GREAT DIFFICULTY IN OBTAINING THE CONTINUATION OF THE \$7 MILLION JAPANESE CONTRIBUTION TO THE 1973 ESF, BUT THAT HE VERY MUCH DOUBTED THAT THE DOUBLING THE GKR HAD REQUESTED (OR INDEED ANY INCREASE) COULD BE OBTAINED. HE ASKED ME WHAT THE IMPACT OF JAPANESE FAILURE TO INCREASE ITS CONTRIBUTION WOULD BE. I REVIEWED THE ARITHMETIC FOR HIM, POINTING OUT THAT WITH THE JAPANESE AT \$7 MILLION AND THE AUSTRALIANS OUT, THE NON-US, NON-KHMER CONTRIBUTIONS WOULD COME TO SOMETHING SHORT OF \$9 MILLION, LEAVING \$8.5 MILLION FOR THE GKR TO MAKE GOOD. WE AGREED THAT THERE WOULD APPEAR TO BE NO WAY IN WHICH THE GKR COULD FIND A SUM OF
CONFIDENTIAL

PAGE 03 PHNOM 02826 251501Z

THIS MAGNITUDE OTHER THAN BY SETTLEMENT OF THE BLOCKED FRENCH FRANC ISSUE, WHICH OPTIMISTICALLY COULD EASILY TAKE 12 MONTHS.

4. IN OTHER REMARKS, KURINO SAID HE HAD OBTAINED JAPANESE GOVERNMENT AGREEMENT TO STAY IN PHNOM PENH UNDER "ANY CIRCUMSTANCES" WITH HIS MILITARY ATTACHE AND CODE CLERK; HE HAD SO INFORMED LON NOL THIS MORNING. KURINO ADDED, HOWEVER, THAT JAPANESE OFFICIAL AND PUBLIC SUPPORT OF THE GKR IS WANING, AND THAT HE IS NO LONGER CERTAIN THAT TOKYO WILL PROVIDE DIPLOMATIC SUPPORT IN THE UN NEXT YEAR.

5. COMMENT: KURINO DID NOT APPEAR DISSATISFIED WITH MY EXPLANATION OF THE EVERS AFFAIR. BUT THERE IS NO WAY OF KNOWING WHAT HE WILL REPORT. REQUEST DEPARTMENT GIVE TOKYO AND OTHER ESF POSTS BACKGROUND OF THE ISSUE AND TALKING POINTS.

6. KURINO'S REMARKS SUGGEST THAT A NEW EFFORT TO INCREASE THE JAPANESE ESF CONTRIBUTION IS IN ORDER. IMPROVEMENT OF THE MILITARY SITUATION HERE SHOULD BE HELPFUL IN THIS REGARD.
ENDERS

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: Z
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TROOP DEPLOYMENT, FOREIGN RELATIONS, POLITICAL SITUATION, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974PHNOM02826
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: P740146-0629
From: PHNOM PENH
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740268/abbrzbij.tel
Line Count: 122
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: A. PHNOM PENH 2640/211238Z FEB 74 B. SECSTATE 036502/230001Z FEB 74
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUL 2002 by martinml>; APPROVED <02 DEC 2002 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WITHDRAWAL OF IMF RES REP FROM PHNOM PENH AND JAPANESE ESF CONTRIBUTION
TAGS: EFIN, CB, JA, VM
To: STATE INFO TOKYO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005